

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 484 - HB 923

March 19, 2013

SUMMARY OF BILL: Requires insurers and non-profit health service insurance plans that provide hospital, medical, or surgical benefits to individuals or groups, on an expense-incurred basis, and any health maintenance organization (HMO), which provides hospital, medical, or surgical benefits to individuals or groups under contracts that are issued or delivered in the state, to provide coverage under a health insurance policy or contract for health care services appropriately delivered through telemedicine. Prohibits such entities from excluding from coverage a health care service solely because it is provided through telemedicine and is not provided through an in-person consultation or contract between a health care provider and a patient. Requires such entities to reimburse a health care provider for the diagnosis, consultation, and treatment of an insured patient for a health care service covered under a health insurance policy or contract that can be appropriately provided through telemedicine. States that such entities are not required to reimburse a health care provider for either, health care services delivered in person or through telemedicine that is not a covered benefit under the health insurance policy or contract, or a health care provider who is not a covered provider under the health insurance policy or contract. Authorizes such entities to impose a deductible, copayment, or coinsurance amount on benefits for health care services that are delivered either through an in-person consultation or through telemedicine and impose an annual dollar maximum as permitted by federal law. Prohibits such entities from imposing a lifetime dollar maximum.

Authorizes such entities to undertake utilization review, including preauthorization, to determine the appropriateness of any health care service, whether the service is delivered through an in-person consultation or through telemedicine. Prohibits a health insurance policy from distinguishing between urban and rural patients in providing coverage under the policy or contract for health care services delivered through telemedicine. States that a decision by any such entity to not provide coverage for telemedicine constitutes an adverse determination, if the decision is not based on a finding that telemedicine is not medically necessary, appropriate, or efficient.

Requires the Department of Correction (DOC) to study the use of telemedicine to identify opportunities to reduce the costs of delivering health care services to inmates incarcerated in state or local correctional facility, such as reducing the cost of secure transportation. DOC is required to make a report on its findings by December 1, 2013, and include a plan for implementing the use of telemedicine to deliver health care services to inmates.

Requires the Department of Finance and Administration (DFA) to: review current literature and evidence regarding the different types of telemedicine, and conduct a review of other payers' and other state Medicaid agencies' telemedicine policies and procedures; include in the

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review, evidence regarding the appropriate use of telemedicine in delivering mental health services; based on the review, determine which types of patients would be suitable for the various types of telemedicine and conduct a fiscal impact analysis that estimates the potential effect of Medicaid coverage of telemedicine on utilization, price, substitution, and effects on other services. Further requires DFA to, by December 1, 2013, report to the Finance, Ways and Means Committee of the Senate and House of Representatives on the findings of its review and any recommendations on the provision of telemedicine for the medical assistance program under Tenn. Code Ann. Title 71, including any cost-neutral coverage of telemedicine that can be implemented in FY13-14 and any recommended coverage of telemedicine that would require additional funding to implement in FY14-15.

ESTIMATED FISCAL IMPACT:


NOT SIGNIFICANT

Assumptions:

- According to the Department of Finance and Administration's Division of Benefits Administration the state has paid approximately \$12,000 per year since 2009 for telemedicine services.
- The Division, with consultation with Cigna and BlueCross BlueShield, determine that both insurance providers offer or currently plan to offer an array of telemedicine services. Any increase in state expenditures due to additional telemedicine benefits for employees is estimated to be not significant.
- According to the Department of Finance and Administration, it can implement the study, as required under the provisions of this bill, within existing resources.
- According to the Bureau of TennCare, there will be no significant fiscal impact.
- The Department of Corrections can implement the study, as required under the provisions of this bill, within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb